

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

DOCKET NO. R97-1

FIRST SET OF INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS FROM UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS MAYES
(UPS/USPS-T37-1 through 10)

(July 23, 1997)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Mayes (UPS/USPS-T37-1 through 10).

Respectfully submitted,



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**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS MAYES**

UPS/USPS-T37-1. Refer to lines 10-15 on page 5 of USPS-T-37.

(a) Confirm separately that some Parcel Post volume is already being entered (i) at origin BMCs and (ii) at destination SCFs. If confirmed, provide all reasons why you believe mailers are now entering parcels at origin BMCs and at destination SCFs in the absence of a rate discount.

(b) Confirm that some Parcel Post volume is already being prebarcoded by mailers in the absence of a prebarcode discount. If confirmed, provide all reasons why some mailers are now prebarcoding their parcels in the absence of a rate discount.

(c) Confirm that some Parcel Post volume is already being presorted to BMCs by mailers. If confirmed, provide all reasons why some mailers are already presorting parcels to BMCs.

(d) Provide separately the volume of Parcel Post that is now (i.e., for the most recent year for which data is available):

- (i) being entered by the mailer at the origin BMC;
- (ii) being entered by the mailer at the destination SCF;
- (iii) being prebarcoded by the mailer;
- (iv) being presorted to BMCs by the mailer.

UPS/USPS-T37-2. Refer to page 10, lines 3-4, of USPS-T-37.

(a) What percentage of Parcel Post parcels skip the destination SCF and go directly to the AO from the BMC?

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS MAYES**

(b) Do you agree that parcels that otherwise would go directly to the AO from the BMC would, if dropshipped at the destination SCF, incur additional processing and transportation costs due to the additional handling at the SCF?

UPS/USPS-T37-3. Refer to lines 13-23 of page 10 of USPS-T-37.

(a) What is the Base Year volume of Parcel Post that was dropshipped to a DDU? Provide all supporting documentation.

(b) What is the projected Test Year Before Rates volume of Parcel Post that will be dropshipped to a DDU? Provide all supporting documentation.

(c) What is the projected Test Year After Rates volume of Parcel Post that will be dropshipped to a DDU? Provide all supporting documentation.

UPS/USPS-T37-4. Refer to page 16, lines 15-17, of USPS-T-37.

Provide all studies and analyses that support that Parcel Post pieces weighing less than 15 pounds but measuring more than 84 inches in combined length and girth have costs that are equal or substantially equal to those of the typical 15-pound Parcel Post piece.

UPS/USPS-T37-5. Refer to page 17, lines 16-19, through page 18, lines 1-2, of USPS-T-37. If the non-machinable surcharge is intended to cover cost differences in mail processing, why shouldn't there be a transportation cost surcharge for low density pieces based on the transportation costs derived by Witness Hatfield, instead of applying a balloon rate?

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS MAYES**

UPS/USPS-T37-6. Refer to page 19, lines 8-17, of USPS-T-37.

(a) Confirm that parcels exceeding 108 inches in combined length and girth will have greater cubic feet per piece on average than the average 70-pound Parcel Post piece.

(b) Confirm that charging parcels which exceed 108 inches in combined length and girth the same rate as a 70-pound piece that does not exceed 108 inches in combined length and girth will not cover those costs of transporting these less dense pieces that exceed the cost of transporting a 70-pound piece that does not exceed 108 inches in length and girth combined. If confirmed, why isn't an additional surcharge above the 70-pound rate applied to these parcels? If not confirmed, explain in detail.

UPS/USPS-T37-7. Refer to page 20, lines 10-12, of USPS-T-37.

(a) Why is the Postal Service not proposing a non-machinable surcharge for intra-BMC and DBMC "at this time"?

(b) Is a non-machinable surcharge for intra-BMC and DBMC planned for some future time? Please explain.

(c) Do you agree that non-machinable intra-BMC parcels are more expensive to process than machinable intra-BMC parcels?

(d) Do you agree that non-machinable DBMC parcels are more expensive to process than machinable DBMC parcels?

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS MAYES**

(e) Do you agree that non-machinable DSCF parcels are more expensive to process than machinable DSCF parcels?

UPS/USPS-T37-8. What is the average cubic feet per piece for those Parcel Post pieces for which a balloon charge is proposed? Provide for Inter-BMC, Intra-BMC, and DBMC separately, and separately for each one pound weight increment from 2 to 14 pounds.

UPS/USPS-T37-9. Refer to page 22 of USPS-T-37. Would the proposed prebarcode discount apply to the following categories of Parcel Post:

- (a) Machinable inter-BMC;
- (b) Nonmachinable inter-BMC;
- (c) Presorted Machinable inter-BMC;
- (d) Presorted non-machinable inter-BMC;
- (e) Machinable inter-BMC eligible for the OBMC discount;
- (f) Non-machinable inter-BMC eligible for the OBMC discount;
- (g) Machinable intra-BMC;
- (h) Nonmachinable intra-BMC;
- (i) Machinable DBMC;
- (j) Nonmachinable DBMC?

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS MAYES**

UPS/USPS-T37-10. Please refer to pages 7-8 of USPS-T-37.

(a) Confirm that both machinable and non-machinable parcels are eligible for the OBMC discount.

(b) Confirm that both machinable and non-machinable parcels eligible for the OBMC discount receive the same 57 cents per piece discount from the inter-BMC rates.

(c) Confirm that non-machinable parcels that qualify for the OBMC discount will be assessed the non-machinable surcharge. If not confirmed, explain.


(d) Confirm that there is a greater discount for non-machinable BMC Presort pieces than for machinable BMC Presort pieces.

(e) Confirm that the Postal Service is proposing more than a 100% passthrough of the costs avoided by machinable OBMC parcels. If not confirmed, explain.

(f) Explain why the Postal Service did not propose separate discounts for non-machinable and machinable OBMC pieces.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in
accordance with section 12 of the Commission's Rules of Practice.



John E. McKeever

Dated: July 23, 1997
Philadelphia, Pa.